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## Real estate bets big on festive season, but will its fortunes revive?

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Hit hard by the slowdown in the property market as well as the introduction of various policy reforms by the Modi government, the real estate sector is betting big on this year's festive season for revival of fortunes. And not without reasons.

Property consultants say that traditionally, the festive season, or the Q4 of any calendar year in India, has been the highest point on the sales chart of almost every industry, and real estate is no exception. This period has always been an active timeframe for real estate sales as many buyers consider Navratri and Diwali as auspicious occasions to buy a piece of property. Besides, there are many other reasons also which give a boost to the sales of property during this season.

“Through the years, for instance, the release of employees’ annual bonuses has always happened in this quarter, spiking up disposable income and unleashing significantly higher spending power, riding on the back of the festive sentiments. Real estate, automobiles, consumer goods et al have always looked forward to this time period each year, to make their annual sales volumes look respectable,” says Tanuj Shori, Founder and CEO, Square Yards.

In line with the previous years, real estate developers have this year also sweetened property transactions with up-front discounts, most common among them being 0% GST (not charged anyway on ready-to-move-in homes) and waived stamp duty and registration charges. Other freebies such as exclusive car parking space, fittings and furnishing, consumer electronics and even holidays have made appearances in property advertisements.

On the consumer side, there is substantial pent-up demand for housing and where the pricing is right and on-time delivery is guaranteed by the previous track record of a builder, sales are quite healthy. Also, the reduction in home loan interest rates now linked to the repo rates will encourage buyers to consider a home purchase this festive season.

However, the prevalent mood this season is one of cautious optimism, as we are still some way from a full-fledged revival of the sector. There are reasons for this.

“The ongoing liquidity crunch brought about by the crisis in the lending space, coupled with the NHB directive on subvention schemes, has cut off builders’ access to working capital. Revised GST rates sans input credit have diminished profit margins drastically, and clubbed with high raw material costs, leave no scope for further price reductions this season, but the future holds out hope,” informs Shori.

For instance, the creation of a special window of Rs 10,000 crore for last-mile funding of distressed affordable and mid-segment homes, slashing the corporate tax rates to 25.17% (inclusive of cess and surcharge) from an earlier 30%, and an additional Rs 20,000 crore allotted to HFCs by the NHB to increase liquidity, will have a positive long-term effect on real estate.

“This long-term reform-induced push will primarily attract end-users; but a lot more must be done to revive an industry which has always relied on high investor activity to drive sales velocities,” says Shori.

Whatever be the case, property developers are hopeful that the fortunes of real estate will revive during the current festive season.

Lindsay Bernard Rodrigues, Co-owner and Director of Goa-based Bennet & Bernard Custom Homes, says, that traditionally, the festive season is considered auspicious to make purchases of investments such as homes as buyers associate the festive season with security and prosperity. Rightly so, as a home is an investment that offers security. Also, “the slew of new buyer-friendly measures announced by the government to boost consumption augers well for the sector. The recent reduction in home loan rates is incentive for buyers to progress the purchase of their home. As a premium real estate developer and catering to the elite segment, we remain optimistic for this season too. We have already witnessed an increase in the number of enquiries and feel that residential real estate continues to hold immense potential and is likely to see uptick in housing sales,” he says.

Ashish Sarin, CEO, AlphaCorp, says, “Over the last few years the real estate sector has seen major reforms by the government. A slew of acts and laws have empowered the buyers more than ever and helped the realty industry gain their confidence. Taking a note of all these positive sentiments in the market now being fuelled by the arrival of festive atmosphere and spirits associated with it, this festive season looks more promising than ever. Transactions have already increased significantly and we have high hopes from the quarter of year lying ahead.”

Rakesh Yadav, Chairman, Antriksh India Group, says, "The festive season is a very good time to buy one's dream home. Moreover, there are many other reasons also which are likely to benefit homebuyers. For example, with the repo rate at a 9-year low, banks have substantially reduced home loan interest rates to a record low level. Many developers are also offering big discounts to homebuyers."

The Antriksh India Group, for instance, is offering discounts up to Rs 13 lakh to the homebuyers at its luxurious project 'Antriksh Grand View', situated at Sector-150, Noida Expressway. Besides the cash discount, the Antriksh India Group has also unveiled a special payment plan of 40:60, whereby buyers have to pay only 40% the time of booking a piece of property and the rest after getting the possession of the house.

Industry observes, however, say that although housing sales have improved during this festive season — especially in the segment of ready-to-move-in homes — but still are unlikely to touch the levels of the earlier boom years when they used to record a rise of 25-30%.